

EXHIBIT B

Conduct Provisions
December 2015 Settlement Between
Dairy Farmer Subclasses and DFA and DMS¹

<u>Settlement Reference</u>	<u>Conduct Provision</u>
<u>Opt Out Provision</u> Agreement ¶ 9.1.	Those farmers who do not wish to be bound by the Settlement or who otherwise would prefer to initiate or continue litigation against DFA and DMS regarding the legal claims in this case can exclude themselves (or “opt out”) from the Settlement.
<u>Enforcement Period of Conduct Elements</u> Agreement ¶ 7.2.	The conduct elements in the Settlement shall have longer effect than in the prior settlement. Unless noted otherwise for a specific provision, the Conduct Period will commence thirty days after final approval of the Settlement and continue for four years from that date. Any conduct element for which no time period is specified shall continue to be enforceable without any time limit.
<u>Farmer Ombudsperson</u> Agreement ¶¶ 7.2(d); 7.2(d)(i); 7.2(d)(vii).	A Farmer Ombudsperson will be created to advocate for farmers and promote fairness within DFA and DMS. This position will be in effect for five years. <ul style="list-style-type: none"> • The Farmer Ombudsperson will listen to and investigate farmers’ complaints and concerns. • The Farmer Ombudsperson will mediate disputes between farmers and DFA and DMS. • The Farmer Ombudsperson will have access to relevant records within DFA and DMS, will meet with a representative from the DFA and DMS management team, and will be allowed to attend and participate in DFA Northeast Area Council Meetings. • The Farmer Ombudsperson will report on their activities to Subclass Members every six months. • DFA/DMS is required to pay the Farmer Ombudsperson an hourly fee, not to exceed a pre-determined amount identified in the Settlement.
<u>Advisory Council Member Position</u> Agreement ¶¶ 7.2(d);	An Advisory Council Member position will be created to advocate for farmers within DFA and DMS and promote better pay prices, net income and enhanced equity for them. This position will be in

¹ Note: Light blue shading denotes conduct provisions that were entirely new as compared the prior 2014 Settlement with DFA/DMS; light yellow shading denotes conduct provisions that have been enhanced or extended as compared to the prior 2014 Settlement with DFA/DMS; no shading denotes conduct provisions that were included in the prior 2014 Settlement and are included in this Settlement. None of the conduct elements included in the prior 2014 Settlement have been removed.

7.2(d)(i); 7.2(d)(vi).	<p>effect for four years.</p> <ul style="list-style-type: none"> • The Advisory Council Member can request a one-time, third-party review of DFA's and DMS's financial statements to be paid for by DFA and DMS, and hire experts. He or she shall have access to all DFA Northeast Area Council and DMS books and financial records. • The Advisory Council Member will be a non-voting member of DFA's Northeast Area Council, and shall be allowed to attend and participate in DFA Northeast Area Council and other key DFA meetings. • The Advisory Council Member will report on their activities to Subclass Members every six months. • DFA/DMS is required to pay the Advisory Council Member an hourly fee, not to exceed a pre-determined amount identified in the Settlement.
<p><u>Milk Testing Safeguards</u> Agreement ¶ 7(f).</p>	<p>DFA and DMS will adopt safeguards to increase fairness and transparency in milk testing for five years.</p> <ul style="list-style-type: none"> • Any farmer in Order 1 whose milk is tested by DairyOne, and who disputes the accuracy of the test result, may require a split sample procedure up to three times a year at no cost to the farmer. The split sample procedure will allow the dairy farmer to observe the collection and sealing of a sample and have the sample tested at two independent, certified labs. If the split sample fails to confirm the original test result within a reasonable level of error, the appropriate adjustments to the farmer's milk check will be made and information regarding the labs' differing results submitted to the Market Administrator. • Additional farmer concerns regarding milk testing accuracy may be raised with the Farmer Ombudsperson who shall attempt to mediate any disputes. • DFA/DMS shall provide the Farmer Ombudsperson with an annual report identifying any discrepancies found between milk test results at DairyOne and those from other certified laboratories.
<p><u>Adulterated Milk Safeguards</u> Agreement ¶ 7(g).</p>	<p>DFA and DMS will adopt safeguards to ensure accurate reporting of adulterated milk testing results for five years.</p> <ul style="list-style-type: none"> • Any farmer in Order 1 whose milk is found to be adulterated by a processing plant, DFA/DMS will notify the affected farmer within 3 hours of receiving the result. DFA/DMS will request that the processing plant keep any remaining milk samples and, at the farmer's request, have the remaining samples tested at an independent laboratory. • If an independent laboratory confirms the processing plant's testing results, then the farmer will be responsible for covering

	<p>the costs of the adulterated milk. If the independent laboratory cannot confirm the processing plant's testing results, then the farmer will not be required to cover the costs of the adulterated milk.</p> <ul style="list-style-type: none"> • Farmers may bring any concerns related to adulterated milk to the Farmer Ombudsperson who can attempt to mediate any dispute.
<u>DairyOne Interest Agreement ¶ 7(e).</u>	For the next ten years, DFA and DMS will not acquire a controlling interest in the milk testing company its farmers use, DairyOne, nor will DFA members hold a majority of seats on its board.
<u>Limits on Full-Supply Agreements</u> Agreement ¶¶ 7.2(a)(i); 7.2(a)(iii); 7.2(a)(iv).	<p>The following restrictions on the entry or renewal of full-supply agreements will be imposed:</p> <ul style="list-style-type: none"> • DFA and DMS will not enter into any new full-supply agreements for the sale of raw Grade A milk in Order 1 for four years after final approval of the Settlement, except in limited circumstances and that certain existing agreements may be renewed. • Any new supply agreements of any type, or the renewal of existing full supply or other agreements, shall be presented, reviewed, and approved by the DFA and/or DMS Board of Directors prior to entering or renewing the agreements. • Upon written request by any of their respective farmers in Order 1, DFA and DMS agree to disclose to that member a summary of the terms of any DFA or DMS agreement for the supply or sale of raw Grade A milk to customers in Order 1, to the extent the contracts so permit.
<u>Farmers', Affiliates' and Cooperatives' Right to Terminate</u> Agreement ¶ 7.2(b).	Any cooperative member, affiliate, or associate of DFA or DMS in Order 1 may, during the four years following final approval of the Settlement, terminate its relationship with DFA or DMS upon no more than ninety (90) days written notice without penalty.
<u>Protections Against Termination</u> Agreement ¶ 7.2(c).	<p>DFA's and DMS's ability to end Subclass members' milk contracts will be limited in the following ways:</p> <ul style="list-style-type: none"> • If DFA/DMS decide not to renew a Subclass Member's milk marketing arrangement <u>due to lack of demand for milk</u>, DFA/DMS will provide the Subclass Member 30 days' advanced notice, and, at the terminated Subclass member's request, continue to market their milk for a period of six months. • If DFA/DMS terminates a Subclass member's marketing arrangement <u>for cause</u>, DFA/DMS will provide at least 30 days' advanced written notice of the decision along with a reasonable opportunity to cure the reason for termination. The terminated Subclass member may dispute the reason for termination. If the

	Subclass member disputes the basis for termination, the Northeast Area Counsel or DMS Board of Directors will review the decision and, at the farmer's discretion, the Farmer Ombudsperson may be asked to mediate the dispute.
<u>Farmer Solicitation Agreement ¶ 7(n).</u>	DFA and DMS will not enter any agreement to restrict solicitation of raw Grade A milk from farmers including any agreement that would limit the ability of any cooperative to approach farmers and offer them more favorable prices, services, or other terms. This provision has no time limit.
<u>Unsealing and Release of DFA/DMS Documents Agreement ¶ 7(i).</u>	DFA and DMS agree not to oppose a request by Subclass Counsel to unseal and release certain of their previously confidential materials that were submitted to the Court during this case.
<u>Required Financial Disclosures Agreement ¶ 7(j).</u>	<p>The following conduct provisions related to DFA/DMS's financial disclosures have no time limit.</p> <ul style="list-style-type: none"> • DFA will prepare financial reports in accordance with generally accepted accounting principles and DFA will be audited by a nationally-recognized accounting firm. • DFA senior management and Audit Committee members will affirmatively represent they are responsible for the preparation, integrity and accuracy of DFA's annual financial report. • DFA will post on its member-only website an annual disclosure of all material related-party transactions, specifically broken out and identified by transaction. • At its annual meeting, DFA will disclose to its delegates all material related-party transactions as well as DFA's financial results from its participation in joint ventures and off-balance sheet transactions, specifically broken out and identified by transaction. • DFA will disclose the identity of the members of its board of directors and its committees and their generally applicable <i>per diem</i> payment rate compensation. • DFA senior executive management and board members will execute annual conflict of interest certifications, which will be subject to review by DFA's Audit Committee and a report by the Committee at DFA's annual meeting.
<u>Block Voting Agreement ¶ 7(h).</u>	If DFA decides to vote its cooperative as a vote, it will tell DFA members about this decision and provide DFA members with an individual ballot so that they may vote against the block.
<u>Milk Check Review Agreement ¶ 7(k).</u>	DFA's Northeast Area Council ("NEAC"), with the participation of the Farmer Ombudsperson, will undertake a careful review of: (1)

	members' milk checks in order to determine whether changes in the milk checks are warranted to improve their clarity or transparency; and (2) the election procedure by which Area Council members and delegates are chosen, including specifically whether the membership should be able to cast ballots by mail. Changes recommended by the NEAC will be implemented.
<u>Protections Against Retaliation</u> Agreement ¶ 7(m).	DFA/DMS will not discriminate or retaliate against Subclass Representatives or Subclass Members for participation in the litigation, expressing support or opposition to the Settlement or ceasing marketing their milk with DFA/DMS. This provision has no time limit.
<u>Monitoring Compliance</u> Agreement ¶¶ 7(l); 13.2.	An Audit Committee of seven DFA members plus two independent advisors with expertise in accounting, financial reporting, and auditing matters will be charged with monitoring compliance with the Settlement and reporting its views to the delegates at the DFA annual meeting. Additionally, the District Court will retain jurisdiction to enforce the Settlement.